

Revision to Tax Benefit Rule - Federal Income Tax Refund

The Montana Department of Revenue has revised the wording on its Worksheet II, also known as the "Tax Benefit Rule for Federal Income Tax Refund" worksheet, for tax year 2009.

Taxpayers who either used the "Self-calculating" version of Worksheet II or who filed their return through the Taxpayer Access Point (TAP) will not be affected by this revision. In both cases, the calculations made by the system did not report an amount less than zero on line 3.

Line 3 has been revised to read "Subtract line 2 from line 1 and enter the result here, but not less than zero."

The department provides Worksheet II each year to assist taxpayers in calculating how much, if any, of their respective federal income tax refund must be reported as Montana income in the tax year that the refund is received.

Worksheet II was reviewed and revised because the present worksheet could result in inequitable tax treatment for some taxpayers who were impacted by the federal income tax deduction limitation and the Federal Economic Stimulus Package Rebate received in 2008. As a result, the department revised Worksheet II to address this circumstance.

Taxpayers who have already filed their 2009 Montana individual income tax returns, and who would be entitled to a refund as a result of using the revised worksheet, are asked to file an amended tax return with the revised Worksheet II attached.

The department also is working with electronic filing software vendors to update the worksheet in their programs.

If you have questions regarding this issue or need income tax assistance, please call us toll free at (866) 859-2254 (in Helena, 444-6900)